

{As Prepared for Delivery}

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**Thomas C. Dorr
Under Secretary for Rural Development
Keynote Speech**

“New Opportunities for Rural America”

Thank you. It’s a great pleasure to be here. I’ve farmed most of my life outside Marcus, Iowa - it’s great to be among rural entrepreneurs.

... And while it’s an honor to serve in Washington, D.C. as a member of President Bush’s team, one thing I’ve learned is that I’ll never be a city person. It’s great to get back to this part of the world. Except sometimes on football weekends, unless of course you’re a Cornhusker.

Let me begin by thanking you -- and the State of Nebraska -- for letting us borrow Mike Johanns for a while.

Secretary Johanns is an outstanding leader -- but you already knew that. He's a great voice for American agriculture -- and more broadly, for all of rural America. It's a privilege to serve with him.

I want to also thank Governor Heineman for inviting me to join you today, and especially for his leadership on rural development issues.

- **One of the first things I learned when I became Under Secretary for Rural Development was that we're in the partnership business.**
- **We can help with financing. We can provide technical support. But frankly, the communities like Kearney that will rise to the challenge ... the communities that will seize the opportunities ... are the ones with leadership that looks to the future with confidence, energy, and faith in the American people and the free enterprise system.**
- **That kind of leadership is a tradition in Nebraska. It is truly a privilege to work with Governor Heineman to increase economic opportunity and improve the quality of life in rural communities.**

At USDA Rural Development, we are an investment bank for rural America. We administer over 40 programs ranging from infrastructure to housing to business development to community facilities.

This year we will invest over \$17 billion in rural communities. Since 2001, we've invested \$63 billion and created or saved 1.1 million jobs.

In Nebraska, we've invested over \$488 million over the last 5 years.

Some of you here today may already, in fact, be partnering with us:

- In Newman's Grove, for example, we provided a Value Added Grant to help the Farmers Co-op Oil Company get into the soybean meal and soybean oil business.**
- In Plainview, another Value Added grant helped a local ethanol plant expand its distillers grain business.**
- In Burwell, we provided an energy efficiency grant to help a local grocery – Mr. J's Affiliated Foods – modernize its food storage.**
- In Superior, we provided funding for Brodstone Memorial Hospital to bring better health care to an underserved community.**

- **And statewide since 2001, we've helped over 3,400 Nebraska families become homeowners.**
- **The list goes on and on. We're probably the only agency in government that can build an entire community from the ground up ... from the water and electric lines ... to housing ... to main street businesses ... to the day care center and hospital ... to the ethanol plant out on the edge of town.**

Bottom line: our mission is to increase economic opportunity and improve the quality of life in rural communities. And the question for us – as it is for you – is:

- **Where are the opportunities?**
- **What should we be doing today as a lender and as an economic development agency to maximize the return for rural America?**

Those are big questions, and we're working through them on several levels. Over the past year, to take one important example, USDA held a

series of Farm Bill Forums -- 52 in all -- to give as many people as possible a chance to take part in this discussion.

I know that the next Farm Bill is of concern to many of you, and I hope some of you had the opportunity to participate in the Forums last year. Participation was high. The discussion was vigorous. There was (not surprisingly) disagreement on several important point -- although I am happy to report that there was virtually unanimous support, all around the country, for our efforts in the Rural Development area.

The Farm Bill Forums have ended, but the process of discussion and debate is continuing. Later this Spring, Secretary Johanns will submit his recommendations to the White House. The President will then make a proposal. Sometime next year, the Congress will write a bill.

Frankly, I don't know what Congress will do regarding -- for example -- support programs or the WTO. Your crystal ball is as good as mine.

Obviously, there are difficult issues involved. Congress has essentially reversed itself in each of the last two Farm Bills on support programs. If you are willing to predict the next iteration, you are a bolder man than I.

But I have been walking around and kicking the tires on Farm Policy issues most of my life. And it's clear to me – whatever Congress eventually does on supply management, price supports, and trade -- that we are reaching a tipping point in agricultural and rural policy.

The basic fact is that agriculture is no longer the primary driver of the rural economy.

Now don't misunderstand me here -- I'm a lifelong farmer and an advocate for producers.

But as the Under Secretary for Rural Development, I start with the recognition that 65 million people live in rural America -- and 63 million of them don't farm.

In fact, as a national average, 96% of the total rural income in America -- and about 90% of farm family income -- is from non-farm sources.

As the recent MAAPP Report, issued by a study group of the America Farm Bureau, put it: today *“farmers are more dependent on rural communities than rural communities are dependent on farmers.”*

Frankly, this requires a mental shift for policymakers. Rural policy today is much broader than farm policy. That’s a new approach.

Yes, farming remains vitally important. Yes, we want American agriculture to remain a world leader. But that’s not enough.

When -- as I mentioned before -- 96% of rural income is from non-farm sources -- and most farm families hold down at least one job in town -- we simply must look at the bigger picture.

And when we do, from a Rural Development standpoint, three things in particular stand out. These are connectivity or broadband, energy, and something that I call “place.”

Let me start with “place”.

“Place” is the combination of quality of life considerations that attract us to rural areas to live, work, and raise our families. It’s what we value

about where we live, over and above a paycheck. It's what we're trying to preserve, and pass down to our children.

“Place” is peace and quiet, green fields, and fishable streams. It's lower taxes and a lower cost of doing business. It's affordable housing and a big yard for the kids. It's the pace of life, low crime, and good schools.

These things are significant rural comparative advantages. I've never seen a real estate ad in the city boasting about a bigger mortgage for a smaller house, high taxes, noise, crime, and a three hour commute.

Rural communities that can provide good jobs, quality healthcare, and good schools are great places to live.

This is why USDA Rural Development invests in hospitals, day care centers, fire protection and emergency services. It's why we support entrepreneurs and business development. This isn't just about quality of life today; it's building a future for the next generation as well.

Frankly, nothing hits closer to home than this. For several generations now, rural communities have had difficulty offering opportunities to young people -- especially those who continue their educations.

In my class, for example, I may have been the only one who came back from college to a family farm -- I'm not really sure, but I was certainly one of very few, if not the only one.

Our goal, therefore, cuts close to home. Our goal is to create communities where our kids have a future -- where your son or daughter and my granddaughter has more choices than we did.

If our kids' dreams, ambitions, and talents take them around the world, that's great. We want them to have that opportunity. But they shouldn't be forced to leave simply because there is nothing at home.

Sometimes people ask me if I really want rural America to attract more people, businesses, and jobs. My answer is that if we want a dynamic rural economy where our kids can find good jobs, growth will come. We need to start thinking about how to make it work.

We can level the playing field to make rural America is competitive in terms of economic opportunity. That's the goal.

A second opportunity today arises from the communications revolution, especially broadband.

IT is producing the most radical decentralization of information in human history, with the sole possible exception of the printing press. We no longer need everyone in the same building so they can shuffle paper from desk to desk. Administrative structures, manufacturing, and distribution networks can be decentralized.

This affects every community and business in America, large and small. It is going to remake the cities as well. But in terms of location, it is a great equalizer. It leverages Place. It makes rural communities more competitive than they have been in many, many years.

To a degree unprecedented in history, people are going to have real choices about where to live and how to work. You will be able to live locally and compete globally:

Broadband opens the door. These things don't change overnight, but the spatial organization of America is being reengineered ...

... And I am convinced, if we do our jobs right, that smaller cities, small towns, and rural areas indeed have a very bright future in store.

Finally, rural America is in the midst of an energy boom.

Let me emphasize that -- in talking today about energy -- I don't mean to overlook other biobased products as well. Marvin Duncan gave you an outstanding presentation this morning about the potential in that area, and I'll not repeat his remarks. There's a lot going on, it's imminent, and the opportunities are enormous.

On energy, however, the future is now. Bio-energy is taking off. The train has left the station, and it's picking up speed.

This didn't happen overnight. A lot of people have contributed. If Todd Sneller is here, I'd like to recognize his work for the Nebraska Ethanol Board which has collaborated with Ethanol Across America to produce a new investors' guide for ethanol plants. (*A Guide for Evaluating the Requirements of Biofuel Processing Plants.*)

The *Guide* is a terrific resource for people thinking about getting into ethanol. It's going to be online soon. We helped pay for it, and it's a great example of a variety of groups partnering to move ethanol ahead. And the teamwork is making a difference:

- **U.S. ethanol production last year exceeded 4 billion gallons. We're going to exceed the 7.5 billion gallon target in the energy bill well ahead of time.**
- **Biodiesel usage tripled in a single year, to 75 million gallons in 2005. It's is still in its infancy but the growth curve is incredible.**
- **U.S. wind power capacity by the end of last year reached 6,740 Megawatts with another 5,000 MW on the way. The U.S.**

Department of Energy estimates that wind can generate at least 6% of U.S. electricity by 2020.

- We also invest in solar, biomass, anaerobic digesters and, through our utilities programs, in conventional energy sources as well.**
- Since 2001, USDA Rural Development has invested nearly \$290 million in renewable energy, and we're making over \$1 BILLION available on a competitive basis in 2006 for energy across the board. It's a top priority.**

Energy from agriculture, in fact, offers the rural economy its biggest new market in history -- and I know a room full of farmers doesn't need me to tell you what that means.

The opportunity is there. But it's not automatic.

So I want to leave you with a warning, and a challenge. A new energy economy is emerging. It won't happen overnight. But it will happen -- and the issue 10 and 20 years down the road will be who owns it. The stakes are a lot higher than an extra 5 or 10 cents a bushel for producers.

The new energy sources coming online – ethanol, biodiesel, wind, solar – are distributed in nature. They are rural and agricultural based.

Farmers and other rural landowners are on the ground floor.

But the big question is, will farmers and rural landowners participate as owners and investors, or as vendors?

Bottom line: we need to develop new business and investment models, including new tax and regulatory regimes, to bring the benefits of new energy sources back home to rural communities.

This is an extraordinary new opportunity for ownership, wealth creation, and economic growth in rural communities. If you don't own it, as producers, someone else will, and you'll be working for them.

That's why this is an opportunity we can't afford to miss.

To sum up, I am an incurable optimist about the future of rural America. Yes, we face challenges. Standing still isn't an option, not in an era of globalization and connectivity-driven competitiveness.

But our opportunities are even greater than our challenges, if we have the vision and the will to pursue them. I am confident that we will, and I look forward to working with you to get the job done. Thank you.